



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

A-570-928

Uncovered Innerspring Units from the People's Republic of China: Preliminary Affirmative Determination of Circumvention of the Antidumping Duty Order

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that imports of uncovered innerspring units (innersprings) into the United States exported from Macau, which were assembled or completed in Macau by the Macao Commercial Group using materials sourced from the People's Republic of China (China), are circumventing the antidumping duty (AD) order on innersprings from China.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Matthew Renkey AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-2312.

SUPPLEMENTARY INFORMATION:

Background

On December 31, 2007, Leggett and Platt, Incorporated (the petitioner) filed a petition seeking imposition of antidumping duties on imports of uncovered innerspring units from,

among other countries, China.¹ Following the completion of investigations by Commerce and the U.S. International Trade Commission (ITC), Commerce issued an antidumping duty order on innersprings from China.²

In the sixth administrative review of the *Order*,³ the petitioner requested that Commerce review Macao Commercial and Industrial Spring Mattress Manufacturer (Macao Commercial) and East Grace Corporation. Commerce initiated the review on April 3, 2015,⁴ and sent questionnaires to both of the respondents under review. During the course of the sixth administrative review, and in response to Commerce’s original and supplemental questionnaires, Macao Commercial acknowledged that it imports innerspring unit components from China for use in the production of innerspring units in Macau, but that it had no shipments of completed innerspring units from China to the United States.⁵ In the final results, Commerce found that Macao Commercial failed to demonstrate that it had no shipments of Chinese-origin innersprings, and assigned a rate to Macao Commercial using facts available with an adverse inference. Commerce stated that this determination applied only with respect to Macao Commercial’s Chinese-origin subject merchandise, but explained that it intended to evaluate whether self-initiation of a circumvention inquiry would be warranted based upon information

¹ See *Uncovered Innerspring Units from the People’s Republic of China, South Africa, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 73 FR 4817 (January 28, 2008).

² See *Uncovered Innerspring Units from the People’s Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009) (*Order*).

³ The sixth administrative review covered the period of review (POR) February 1, 2014, through January 31, 2015. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 80 FR 18202, 18212 (April 3, 2015).

⁴ *Id.*

⁵ See, e.g., Memorandum to the File “Factual Information from the Sixth Administrative Review,” dated November 22, 2016 (AR6 Factual Information Memo), at Attachment 1, Macao Commercial’s July 21, 2016 Supplemental Response. In the *AR6 Final Results*, we found that “Macao Commercial submitted . . . an invoice for not just raw materials but PRC-origin innerspring components from Company X.” See *Uncovered Innerspring Units from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2014–2015*, 81 FR 62729 (September 12, 2016) (*AR6 Final Results*), and accompanying Issues and Decision Memorandum at Comment 1.

submitted during the review and in light of Commerce's prior circumvention findings in this proceeding.⁶

Commerce self-initiated an anti-circumvention inquiry pursuant to section 781(b) of the Tariff Act of 1930, as amended, (the Act) and 19 CFR 351.225(h) to determine whether innersprings produced by Macao Commercial in Macao from materials originating in China and exported to the United States from Macao are circumventing the *Order*.⁷ For a complete description of the events that followed the initiation of this inquiry, *see* the Preliminary Decision Memorandum.⁸ A list of topics included in the Preliminary Decision Memorandum is included as Appendix I to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Affiliation and Collapsing

As explained further in the Preliminary Decision Memorandum, we find, based on the record evidence, that Macao Commercial is affiliated, pursuant to sections 771(33)(A), (E) and (F), of the Act, with Tai Wa Machinery, Tai Wa Commercial, Wa Cheong Hong, and Heshan Tai Hua Jian Ye Machinery Co., Ltd. Further, based on Macao Commercial's own statements and

⁶ See *AR6 Final Results*, and accompanying Issues and Decision Memorandum at Comment 1.

⁷ See *Uncovered Innerspring Units from the People's Republic China: Initiation of Anticircumvention Inquiry on Antidumping Duty Order*, 81 FR 83801 (November 22, 2016).

⁸ See Preliminary Decision Memorandum for the Anti-circumvention Inquiry of the Antidumping Duty Order on Uncovered Innerspring Units from the People's Republic of China, dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

record evidence, we find that, pursuant to 19 CFR 351.401(f), these companies should be treated as a single entity, the Macao Commercial Group.

Scope of the Order

The products covered by the *Order* are uncovered innerspring units. For a complete description of the scope of the *Order*, *see* the Preliminary Decision Memorandum.

Scope of the Anti-circumvention Inquiry

The products covered by this inquiry are innersprings that are manufactured in Macau by the Macao Commercial Group with Chinese-origin components and materials and are then subsequently exported from Macau to the United States.

Methodology

Commerce is conducting this anti-circumvention inquiry in accordance with section 781(b) of the Act. For a full description of the methodology underlying the Commerce's preliminary determination, *see* the Preliminary Decision Memorandum.

Preliminary Finding

As detailed in the Preliminary Decision Memorandum, we preliminarily determine that innersprings exported from Macau, which were manufactured in Macau by the Macao Commercial Group using components and/or materials from China, are circumventing the *Order*. Therefore, we preliminarily determine that it is appropriate to include this merchandise within the *Order* and to instruct U.S. Customs and Border Protection (CBP) to suspend any entries of innersprings from Macau, which were manufactured in Macau by the Macao Commercial Group using components and/or materials from China.

Suspension of Liquidation

As stated above, Commerce has made a preliminary affirmative finding of circumvention of the *Order* by exports to the United States of innersprings exported from Macau, which were manufactured in Macau by the Macao Commercial Group using components and/or materials from China. In accordance with section 19 CFR 351.225(1)(2), Commerce will direct CBP to suspend liquidation and to require a cash deposit of estimated duties on unliquidated entries of innersprings assembled or completed in Macau from Chinese-origin components or materials that were entered, or withdrawn from warehouse, for consumption on or after November 22, 2016, the date of initiation of the anti-circumvention inquiry.

The suspension of liquidation instructions will remain in effect until further notice. Commerce will instruct CBP to require AD cash deposits equal to the China-wide rate of 234.51 percent, unless the importer/exporter can demonstrate to CBP that the Chinese-origin innersprings assembled or completed in Macau by the Macao Commercial Group were supplied by a Chinese manufacturer with a separate rate. In that instance, the cash deposit rate will be the rate of the Chinese innersprings manufacturer that has its own rate.⁹

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than 14 days after the publication of this preliminary determination in the *Federal Register*, unless the Secretary alters the time limit. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.¹⁰ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this anti-circumvention inquiry are encouraged to submit with each

⁹ See *Glycine from the People's Republic of China: Preliminary Partial Affirmative Determination of Circumvention of the Antidumping Duty Order and Initiation of Scope Inquiry*, 77 FR 21532, 21535 (April 10, 2012).

argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue, N.W., Washington, D.C., 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

ITC Notification

Commerce, consistent with section 781(e)(1)(B) of the Act and 19 CFR 351.225(f)(7)(i)(B), has notified the ITC of this preliminary determination to include the merchandise subject to this anti-circumvention inquiry within the scope of the *Order*. Pursuant to section 781(e)(2) of the Act, the ITC may request consultations concerning Commerce's proposed inclusion of the merchandise. If, after consultations, the ITC believes that a significant injury issue is presented by the proposed inclusion, it will have 60 days from the date of notification by Commerce to provide written advice.¹¹

¹⁰ See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

¹¹ See section 781(e)(3) of the Act.

Notification to Interested Parties

This determination is issued and published in accordance with section 781(b) of the Act and 19 CFR 351.225(f).

Dated: August 9, 2018

James Maeder
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations
performing the duties of Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

Appendix I

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Order
- IV. Scope of the Anti-circumvention Inquiry
- V. Period of Anticircumvention Inquiry
- VI. Affiliation and Collapsing
- VII. Statutory Framework
- VIII. Application of Adverse Facts Available with an Adverse Inference
- IX. Statutory Analysis
- X. Recommendation

[FR Doc. 2018-17784 Filed: 8/20/2018 8:45 am; Publication Date: 8/21/2018]